

# ECONOMIC NEWS

## United States: Growth in Retail Sales Eases

### HIGHLIGHTS

- ▶ Retail sales increased 0.6% in August after climbing 0.9% in July and jumping 8.6% in June and 18.3% in May.
- ▶ Motor vehicle sales ticked up a mere 0.2% after a 1.0% decline in July. The value of service station sales rose 0.4%. Excluding motor vehicles and gas, sales were up 0.7%.
- ▶ The highest increases were in food services (+4.7%), clothing stores (+2.9%), furniture stores (+2.1%) and renovation centres (+2.0%).
- ▶ There were notable drops in sales for leisure goods stores (-5.7%), department stores (-2.3%) and grocery stores (-1.2%).

### COMMENTS

Monthly variations in retail sales have normalized significantly since July, following the dramatic ups and downs of the previous months due to COVID-19. That said, a monthly gain of 0.6% is generally considered a strong result. The growth led total sales to exceed their pre-pandemic peak by 1.5%.

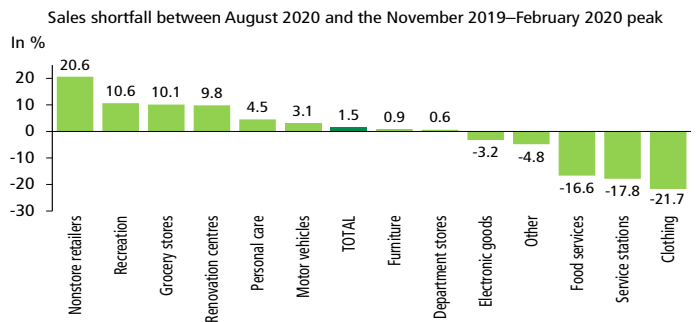
The rebound in sales remains uneven, although August's figures smoothed out the divergences recorded in recent months a bit. The drops in sales in August were primarily seen for retailers that had previously posted the largest improvements or whose sales had already surpassed their previous peaks. These included leisure goods stores and grocery stores. Even the slight variations in motor vehicles sales and purchases from nonstore retailers (0.0%) fall into this category. On the other hand, the best performances recorded in August were seen by retailers who still had ground to make up compared to their pre-pandemic situation, such as restaurants and clothing stores. This uneven catch-up should continue in the coming months.

### IMPLICATIONS

The fact that retail sales have already exceeded their pre-crisis peak is certainly a promising sign for the U.S. economy.

**GRAPH 1**

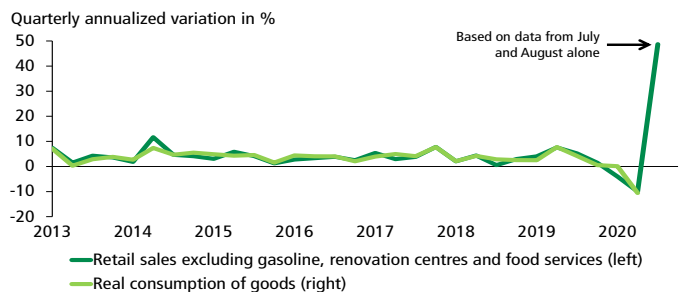
**Several types of retailers have exceeded pre-pandemic monthly sales**



Sources: U.S. Census Bureau and Desjardins, Economic Studies

**GRAPH 2**

**Real consumption of goods will see a strong rebound in the third quarter**



Sources: U.S. Census Bureau, Bureau of Economic Analysis and Desjardins, Economic Studies

In real GDP, this will be demonstrated by strong growth in real consumption of goods in the third quarter. However, the rebound should be followed by more subdued growth.

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